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Memo

To:	**XEROX EUROPE**	**From:**	**VIERIN Thierry**
			TRIAILLE Jean-Paul
Attn:	**John Barrett**	**Date:**	**07/10/2010**
CC:		**Your Ref :**	
Re:	**XEROX EUROPE / INVENTION**	**Our Ref.:**	**10SOC303**

We were asked to provide a legal statement under Belgian law regarding (A) the transfer of business of EUROPEAN ENGINEERING SYSTEMS N.V., a company registered under Belgian law, and (B) the ownership and proprietary interests in an invention made by a former employee of that company.

The undersigned are counsel to XEROX N.V. (hereafter "XEROX BELGIUM"), a Belgian subsidiary of XEROX Ltd. (UK), itself being a subsidiary of XEROX CORPORATION. One of them (J.P. Triaille) has published extensively on the legal issues related to intellectual property rights of employees and on computer programs and is a university lecturer on intellectual property and information technology law.

A. TRANSFER OF BUSINESS

EUROPEAN ENGINEERING SYSTEMS N.V. (hereafter "EES") has been incorporated on October 24, 1997 by SET ELECTRONIQUE, a company registered under French law, and Mr. Georges Pierre Edmond Viallix.

Following the incorporation of the company, SET ELETRONIQUE was holding 2495 of the shares and Mr. Viallix 5. On March 22, 1999 Mr. Viallix transferred the shares he owned in EES to SET ELECTRONIQUE. Consequently, SET ELECTRONIQUE became the sole shareholder of EES.

According to the information we have, SET ELECTRONIQUE was owned at 99% by XDS, a company fully owned by XEROX (France) SAS, since the XEROX Group acquired the SET ELECTRONIQUE group in 1999. Pursuant to an extraordinary shareholders' meeting dated December 26, 2002, the liquidation of SET ELECTRONIQUE was decided. However, the liquidation could not be completed because of the existence of two Belgian subsidiaries, EES and EPC. In order to be able to wind up SET ELECTRONIQUE, the decision was taken by XEROX to also wind up EES (and EPC).

On January 1, 2003, the employees of EES (+/- 20 people) were transferred to XEROX BELGIUM on the basis of the Acquired Rights Directive (TUPE). XEROX BELGIUM also took over the R&D activities of EES (rental contracts, clients, etc.). That division became "the CFET" (Continuous Feed Engineering Team) division of XEROX in Belgium. CFET operates like a cost center. All costs are recharged directly to XEROX CORPORATION by XEROX BELGIUM. CFET is currently still a division of the latter.

As from 2003, EES did not perform any further activities nor did it employ any staff anymore. Except for some claims and the bank accounts, the company did not possess any further substantial assets. However, prior to the liquidation, the share capital of EES was increased up to an amount of 3.216.973,38 EUR in order to enable EES to reimburse its remaining intercompany loans.

By decision of the extraordinary shareholder's meeting of February 27, 2008, the company was put into liquidation. By notary deed of December 11, 2008, the liquidation was closed. After the closure of the liquidation, the remaining cash on the bank account was transferred to SET ELECTRONIQUE.

Conclusion

XEROX BELGIUM, a subsidiary of XEROX Ltd. (UK), can be considered as having taken over all activities and assets of EES since 2003, becoming the employer of the former EES staff and continuing the former activities of EES in its CFET division. EES has ceased to exist end 2008.

B. OWNERSHIP OF AN INVENTION DURING EMPLOYMENT AGREEMENT

1. Question under analysis

Mr. Patrick Perdu is a former employee of EES. According to his employment agreement signed with EES on November 17, 1999, he fulfilled the tasks of Development Engineer with a research mission. The employment agreement contains the following clause in article 6 "Inventions"[1]:

> *"All inventions or improvements, patentable or not, made by the employee during the duration of his work contract and which could pertain to the activities, developments, studies or research of the company (i.e. the employer), will belong automatically and exclusively to the latter.*
>
> *The employee will not in any case be entitled to claim any additional remuneration or compensation whatsoever.*
>
> *The present article also applies to computer programs or software created, developed or adapted by the employee in the exercise of or because of his functions.*
>
> *In case of contradiction between Belgian law and the European directives in the matter and the present article, the former will be applied."*

Mr. Patrick Perdu has made an invention during the course of his employment agreement.

Technical inventions can be protected by a patent. If the invention consists of a computer program, it may be protected by copyright and by patent, provided, of course, that the protection conditions of both protection means are met.

In this memo we will briefly describe the ownership scheme of both kind of intellectual property rights (patents on an invention and copyright on computer programs) when the invention/computer program was developed by an employee.

[1] Please note that this translation is very slightly different from the translation which was provided to the United States Patent and Trademark Office on 5/10/2004 (with the "Supplement to petition under 37 C.F.R. 1.47(b) Sole inventor cannot be found"). The differences however have no impact on the interpretation to be given to the clause.

2. Patent

2.1 Definition

The Belgian Patent Act of 28 March 1984 (hereafter "the Patents Act") states that a patent protects a technical invention that is new, shows an inventive step, is used for industrial applications and is not contrary to public order.

2.2 Ownership

Applicable principles

The Patents Act provides that patent rights belong by the inventor. Contrary to other national legislations, the Patents Act does not provide for any special rules regarding ownership of inventions made by employees.

As a consequence thereof, parties to an employment agreement are free to provide rules to that effect in the employment agreement. Where the employment agreement has provided for an explicit transfer of rights and ownership to the employer, such transfer is perfectly valid and will be enforced by the courts in case of a dispute. Both case law[2] and legal doctrine[3] clearly confirm this. Should an employee, despite such clause providing for a transfer, apply for and eventually obtain a patent, the employer would be entitled to claim in court and obtain the ownership of the patent. The employer is, in such cases, solely entitled to apply for and obtain a patent, without any further need for consent by the employee.

For the sake of completeness (even though this is not applicable in the case of Mr. Perdu), one could add that if no explicit transfer was provided in the employment agreement, in order to determine who owns the patent rights, case law usually distinguishes three categories of inventions:

- **"Duty inventions"** are the result of a research task, during the normal activity of the employee. The employer will own the rights on this invention (with exception of the moral right);

- **"Dependent inventions"** have a connection with the activities of the company (e.g. the employee makes his invention thanks to the input of the employer - such as the use of machines or know-how) but are not made in the context of his employment. Case-law is in such cases divided as to who owns the patent rights;

- **"Free inventions"** are made at the initiative of the employee, with his own means and outside of working hours. As there is no input whatsoever of the employer, the employee will be the exclusive owner of the invention.

[2] See for instance Appeal Court of Brussels, 25 May 1994, *Ing-Cons.*, 1995, p. 264; Appeal Court of Brussels, 17 September 1996, RG 88/224.
[3] See the references at the end of this memo.

Application

In the case of Mr. Perdu, his employment agreement is very clear and provides for a transfer of the rights on inventions to the employer (*"automatically and exclusively"*); the employer is thus solely entitled to apply for a patent on his invention(s).

Besides, it is clear that the case concerns a so-called "duty invention": the function of Mr. Perdu was Development Engineer with a research mission. He made the invention in the context of his employment agreement.

The employer owns thus the patent rights and is solely entitled to apply for a patent registration.

Please note that the name of Mr. Patrick Perdu will however have to be mentioned in the application as inventor (he has indeed a moral right under Belgian law to be mentioned as such).

3. Computer programs

To the extent that the invention at stake includes a computer program, the following may also be relevant.

Computer programs may be protected by copyright and by patent. In this section we will only analyze the copyright protection (see above for the patent protection, which is similarly relevant if the patent concerns a computer program).

3.1 Definition

Copyright protection of computer programs is organized by the Act of 30 June 1994 regarding the legal protection of computer programs.

Copyright can protect computer programs in all their different aspects: source code, object code, interfaces, the "look and feel", *etc.* No formalities whatsoever must be complied with to obtain the copyright protection.

3.2 Ownership

Applicable principles

The Act of 30 June 1994 provides that the owner of the copyright of a computer program is the natural person (or group of natural persons) who created the software. However, there is a (rebuttable) legal presumption to the effect that the employer is the copyright holder on computer programs created by its employees in the exercise of their tasks or following instructions given by the employer. This principle applies across all the European Union as it derives from a European directive. The employment agreement may deviate from this principle by containing an explicit provision to the contrary (which in fact never happens).

Application

According to the legal presumption, the employer is deemed to have obtained the copyright on the computer program. Moreover, following the clause of article 6 of the employment agreement of Mr. Perdu, parties have agreed that all computer programs created, designed or adapted by the employee will belong exclusively to the employer.

Mr. Perdu still holds the so-called moral rights, which means that he can claim that his name be mentioned as author on the computer program.

4. Conclusion

Under Belgian law (which applies to the employment agreement of Mr. Perdu), it can be very safely stated that the intellectual property on the invention(s) made by Mr. Perdu belong exclusively to his employer (or to the legal successor of his employer) and that a Belgian court of competent jurisdiction would, by weight of authority in that jurisdiction, award title of the invention to his employer or its legal successor. Since, as explained under (A) above, XEROX BELGIUM has taken over all assets of EES, the rights which initially belonged to EES were transferred to XEROX BELGIUM.

5. Sources

This legal opinion relies on a series of authoritative sources in legal doctrine, including the following:

- B. REMICHE, V. CASSIERS, *Droit des brevets d'invention et du savoir-faire*, Brussels, Larcier, 2010, n°454 to 460 ;
- M. BUYDENS, *Droit des brevets d'invention et protection du savoir-faire*, Brussels, Larcier, 1999, p. 90 ;
- M.-Ch. JANSSENS, « Uitvindingen van werknemers : een wettelijke regeling », *R.W.*, 1996-1997, p. 865-878 ;
- V. LAMBERTS, « La propriété intellectuelle des créations de salariés », *Dossiers du J.T.*, 2004, n°48, 192 p. ;
- S. DUSOLLIER, « Protection des programmes d'ordinateurs », *in* D. KAESMACHER (dir.), Les droits intellectuels, *Rep. Not.*, 2007, 670 p. ;

- J.P. TRIAILLE & A. STROWEL, *Le droit d'auteur, du logiciel au multimédia, (droit belge, droit européen, droit comparé),* Cahiers du CRID, 11/97, Kluwer/Bruylant, 1997, 510 p. ;
- J.P. TRIAILLE & F. BRISON, « La nouvelle loi sur la protection des programmes d'ordinateur, dans le sillage de la loi sur le droit d'auteur », *J.T.*, 1995, p. 141 à 144.

We are available for any further explanation if necessary.

Thierry VIERIN

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